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SUBJECT: KUWAIT: HEAD OF KUWAIT'S FINANCIAL INTELLIGENCE
UNIT DISCUSSES FINAL STAGES OF DRAFT AML LAW

REF: KUWAIT

¶1. (SBU) Summary: During their September 22 introductory meeting, Mr. Talal Al-Sayegh, Head of Kuwait's Financial Intelligence Unit (FIU) and Deputy Manager of On-Site Supervision, confirmed to Ecouns that the final draft of the Anti-Money Laundering (AML) law had been delivered to the Ministry of Finance. He noted that once the law was approved by the National Assembly it would help improve Kuwait's chances of becoming a "booming financial center". On a positive note, Sayegh said that, with the passage of the AML law, he felt certain that Kuwait would pass its next official Middle East and North Africa Financial Task Force (MENAFATF) evaluation scheduled for 2010. End Summary.

STATUS OF THE FINAL DRAFT AML LAW

¶2. (SBU) Sayegh told Ecouns that, to the best of his knowledge, the Ministry of Finance would transmit the draft law to the legislative committee soon and then to the cabinet for final approval. Sayegh said he was confident the cabinet would approve the final draft but cautioned that parliamentary approval would be an obstacle. He also informed Ecouns that once the draft law reached the National Assembly, Central Bank planned on lobbying the Finance Committee to explain the importance of the passage of the AML law, especially for Kuwait's banking sector. In response to Ecouns' question regarding the prospects of the law complying with FATF recommendations, Sayegh was confident that it would, noting that the head of the International Monetary Fund (IMF) team that conducted a FATF review of Kuwait in 2003, had unofficially coordinated on the draft.

AML WEAKNESSES HURTING FINANCIAL INSTITUTIONS

¶3. (SBU) Ecouns asked for Sayegh's thoughts on how the GOK planned to turn Kuwait into a financial center given the need for new robust laws and regulations. Sayegh agreed on the difficulties involved and noted that the Kuwaiti Money Exchange Companies were suffering, because US banks were making the commercial decision to cut correspondent banking relations with them. Although banks had, so far, avoided this problem that could change in the future. Sayegh said this should serve as an incentive for the GOK and Parliament to update Kuwait's laws and regulations.

¶4. (SBU) Comment: While Sayegh was optimistic about the prospects of the draft AML law making it out of the executive branch fairly soon, his concerns are about getting the law ratified by the National Assembly. Without the passage of the law, Kuwait's FIU will continue to be limited in its capabilities and effectiveness.

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